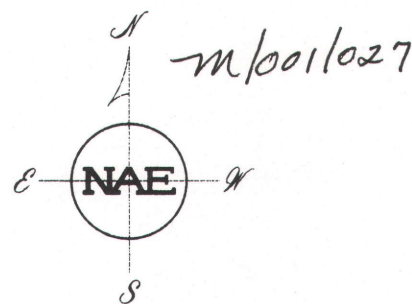


NORTH AMERICAN EXPLORATION, INC.

GEOLOGY GEOPHYSICS GEOCHEMISTRY ENVIRONMENTAL SERVICES

February 4, 2004



Mr. Wayne Hedberg
Utah Division of Oil, Gas & Mining
Box 145801
Salt Lake City, UT 84114-5801

RECEIVED

FEB 6 2004

DIV OF OIL GAS & MINING

Dear Wayne,

This information relates to Basin Perlite Company's Pearl Queen Mine, which is located in Beaver County and is administered under Large Mine Permit M/001/027. This morning Mary Ann Wright, Tom Munson, you, Tim Hall (President of Basis Perlite Company) and I met in your offices to discuss mining plans and reclamation bond requirements for this coming year.

At this meeting Tim Hall proposed a cash deposit to guarantee that reclamation be conducted on disturbed lands within the permit boundary. This would be in the amount of \$101,630 to cover 21.84 acres that have been disturbed or will be disturbed in 2004 in the course of mining. This acreage is as follows:

* Pearl Queen Pit	10.69 acres disturbed
* Schoo Pit	10.00 acres disturbed
	<u>1.15</u> to be disturbed
	21.84 acres

Mining plans for this year do not include work in the Pearl Queen Pit.

Our bond estimate is based on calculations as follows: The original reclamation bond was \$133,600 for 28.71 acres, or an average cost of \$4,653 per acre. Using this average cost, the bond required to cover the 21.84 acres that will be disturbed is \$101,630. A deposit of \$26,720 was made under a Pledge and Reclamation Agreement dated November 14, 2003, so an additional \$74,910 would be required to reach the required bond level.

Sincerely,

O. Jay Gatten
Consultant to
Basin Perlite Company

OJG/tmg
Attachments (2)
cc: Project (w/attach)
Tim Hall (w/attach)

BASIN PERLITE COMPANY
SURFACE FACILITIES MAP
PEARL QUEEN MINE
PERMIT M/001/027
BEAVER COUNTY, UTAH
T27S-R9W

DECEMBER 2002
SCALE 1"=400'

EXHIBIT D

SEC. 2

SEC. 1

Expansion 12/02-12/07
4.75 acres more or less total

Current Permit Boundary
19.3 acres more or less

No Surface Disturbance
Until 12/07 2.7 acres

Mine Road

X Gate

Pit 2
0.14 Acres

GPS Control Point
87-7

Mine Area
10.10 Acres

PEARL QUEEN PIT

GPS Control Point
87-6

Proposed To
Drop From
Permit Area
33.5 acres

Road To Be Permitted
1.2 acres more or less

Road To Be
Constructed

Permit Boundary

SCHOOL PIT
4.86 Acres

No Surface
Disturbance
Until 12/07
2.44 acres

GPS Control Point
87-1

UTAH STATE MINERAL LEASE ML 3092

Expansion
7.24 acres more or less

